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FM AMCONSUL LAGOS
TO RUEHZK/ECOWAS COLLECTIVE PRIORITY
RUEHUJA/AMEMBASSY ABUJA PRIORITY 9217
RUEHC/SECSTATE WASHDC PRIORITY 9447
INFO RUFOADA/JAC MOLESWORTH AFB UK
RUEKJCS/SECDEF WASHINGTON DC
RUCPDOC/DEPT OF COMMERCE WASHDC
RHMCSSU/DEPT OF ENERGY WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHDC
RUEAIIA/CIA WASHINGTON DC
RHEFDIA/DIA WASHINGTON DC

UNCLAS SECTION 01 OF 02 LAGOS 000653

SIPDIS

SENSITIVE
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DOE FOR GPERSION, CGAY
STATE PASS OPIC FOR ZHAN AND MSTUCKART
STATE PASS TDA FOR EEBONG, PDAVIS
STATE PASS EXIM FOR JRICHTER

E.O. 12958: N/A

TAGS: EPET ENRG PGOV NI
SUBJECT: PRIVATIZATION LEADERS PRAISE PREVIOUS USG
ASSISTANCE

¶11. (SBU) Summary: The leaders of Nigeria's Bureau of Public Enterprises (BPE) and the Nigerian Electricity Regulatory Commission (NERC) expressed their appreciation for US Trade and Development Agency (TDA) support in Nigeria, but noted that American financial assistance for privatization had ceased. The BPE chief claimed the proposed restructuring of Nigeria's national oil company was the result of her agency's work and discussed the prospects for current oil and gas legislation. End Summary.

TDA Helped Boost Privatization Efforts

¶12. (SBU) Irene Chigbue, Director General the BPE, gave an overview of ongoing efforts to privatize Nigerian state-owned companies during an introductory meeting with Econoffs. Chigbue recalled that the United States had been the first country to aid Nigeria in its privatization efforts. She recalled that TDA consultants had conducted several privatization studies on Nigerian state-owned firms and the USG had provided funds to hire consultants to assist the BPE staff directly. Chigbue noted with obvious regret that "other entities" had taken advantage of those funds and the money for BPE quickly dried up. The World Bank and later the UK's Department for International Development stepped in to provide financial support, but she said the United States was the economic model they looked to as a guide and the American consultants on her staff had been invaluable to the BPE. Chigbue expressed her hope that the United States would once again provide support to the BPE.

¶13. (SBU) Dr. Ransome Owan of NERC also noted the positive role TDA had played in assisting his government's efforts to privatize the struggling Nigerian power sector. During the meeting in which he described ongoing privatization initiatives, Owan recalled that TDA had provided more than \$500,000 for a study on electricity issues. He asked for further assistance in training of NERC commissioners and raised the possibility of partnering with an American state electricity commission. (Note: A TDA team is currently in-country assisting NERC. Embassy and NERC will hold a joint press conference in Abuja October 2 to highlight that assistance and, for the GON's purposes, to show some movement

towards generating increased power supplies for the underserved people of Nigeria. Congen Lagos and Embassy Abuja would appreciate addressees thoughts on possible twinning arrangements for NERC with a US state-level regulatory body. End Note.)

BPE Chief: Energy Bills Must Start from Scratch

¶4. (SBU) On President Yar'Adua's recently announced plans to restructure the Nigerian National Petroleum Corporation (NNPC), Chigbue took credit, saying the original plans for doing so had come from the BPE. In fact, she noted that previous plans to privatize NNPC had stalled because of a failure to enact legislation that would liberalize energy sectors in Nigeria. Some enabling gas sector legislation was introduced in the National Assembly during its last session but failed to make its way through the legislative process. According to Chigbue, the enabling gas sector legislation must now start over again and the BPE would take that opportunity to conduct major revisions of the bill.

¶5. (SBU) When asked about plans to privatize Nigeria's aging and troubled oil refineries she admitted the international oil companies expressed little interest in acquiring them and said she understood the myriad of reasons that keep them away. She did say some Chinese and Indian firms had expressed interest, but did not provide further details. Nor did Chigbue comment on the public controversy surrounding the sale by the previous administration of two refineries to a private Nigerian consortium. That sale was reversed by the current administration under a hailstorm of criticism that

LAGOS 00000653 002 OF 002

the refineries had been sold for much less than their actual worth.

¶6. (SBU) Comment: TDA's support to Nigeria's privatization efforts was greatly appreciated by the Nigerians and, according to them, instrumental in kick-starting those initiatives. We have heard many opinions on the status of energy legislation not finished in the previous Assembly term. Chigbue's view that gas sector legislation must start over differs from the view expressed by the Senate Gas Committee Chair, Osita Izunaso, who indicated that passage by the Senate would allow the House Committee to immediately move forward on the bill. End Comment.

MCCONNELL